



**IFTA BALLOT PROPOSAL  
#04-2025**

**Sponsors**

Jurisdictions of California, Maryland, Massachusetts, Indiana, Texas, Rhode Island, Kansas, New York, and Connecticut

**Date Submitted**

September 19, 2025

**Proposed Effective Date**

January 1, 2026

**Manual Sections to be Amended**

(Version September 2024)

IFTA Audit Manual

Section A250

NUMBER OF AUDITS

**Subject**

Reducing the audit percentage required to be completed by each jurisdiction annually by changing the Audit Manual, Section A250 Number of Audits.

**History/Digest**

Each year, base jurisdictions are required to audit an average of three percent (3%) of IFTA accounts required to be reported by that jurisdiction. With the increase in new accounts year-over-year, this has become an emerging issue where it is increasingly difficult for jurisdictions to complete the required number of audits to meet the IFTA 3% requirement. The proposed amendment reduces the audit requirement to two percent (2%) per year.

A review of the IFTA Annual Reports for years 2020 through 2024, demonstrates that 91% of IFTA Jurisdictions are already meeting an average of at least 2%. By amending the audit requirement to 2%, it would allow IFTA Jurisdictions to keep an active and compliant membership within IFTA, Inc., while maintaining carrier compliance through current audit coverage.

**Intent**

The intent of this ballot proposal is to reduce the audit requirement from 3% to 2% per year. This amendment will benefit all jurisdictions by creating more time for jurisdictions to use their audit resources efficiently. Jurisdictions would be able to pursue more investigative audit methods, conduct more complex audits, and conduct team audits across State lines. In addition, jurisdictions may focus on a robust audit selection to increase compliance and fuel tax recovery on behalf of all member jurisdictions.

This ballot proposal will strengthen the engagement of all IFTA Jurisdictions through effective communication as we address emerging issues in the fuel tax industry.

---

1 **Interlining Indicates Deletion; Underlining Indicates Addition**

2  
3 **IFTA AUDIT MANUAL**

4  
5 **A250 NUMBER OF AUDITS**

6  
7 Base jurisdictions will be held accountable for audits and will be required to complete audits of an average  
8 of ~~3~~ two (2) percent per year of the number of IFTA accounts required to be reported by that jurisdiction on  
9 the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005 excluding new  
10 licensees, for each year of the program compliance review period, other than the jurisdiction's IFTA  
11 implementation year. Such audits shall cover all of the returns that were filed or required to be filed during a  
12 license year or shall cover at least four (4) consecutive quarters. This does not preclude audits of individual  
13 licensees several times during the program compliance review period. However, audits of a single licensee  
14 that cover multiple license years, fuel types, or both shall be counted as one audit for program compliance  
15 review purposes.

16  
17 For purposes of this requirement, a Member Jurisdiction may substitute three Records Reviews for one  
18 Audit; provided, that no Member Jurisdiction may substitute Records Reviews for more than twenty-five  
19 percent of the total of the Audits required under this section. To use Records Reviews as a substitute for  
20 Audits, a Member Jurisdiction must adopt formal procedures that comply with the guidelines for Records  
21 Reviews set out in the Audit Manual. All accounts may be subject to a Records Review. Records Reviews  
22 cannot count toward the high or low distance audit requirement established in Section A260 Selection of  
23 Audits of the IFTA audit manual. All Records Reviews will count towards the unspecified distance account  
24 audit requirements. Any follow up or secondary Records Review on compliance issues will not count as  
25 another Records Review.

26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40